

CMA review: Final findings and recommendations

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What are the final findings and recommendations from the CMA report?

The final report

This post was going to be a reaction to Theresa May's *meaningful vote*, but it looks as though that will have to wait for a while. The Competition and Markets Authority (CMA) however, have stepped in to fill the void. Today they published the final report in their market investigation into investment consultancy and fiduciary management.

The final report confirms many of the findings and recommendations announced in July's provisional report. Read our blog outlining the provisional findings.

Findings and recommendations: Weaker in some areas

The CMA's final report shows that they are standing by July's proposed remedies, but they have chosen to somewhat weaken the language in certain areas. The key findings and recommendations are:

1. Mandatory tendering to be introduced when pension trustees first purchase fiduciary management

2. Greater support for tendering from the Pensions Regulator
3. Common performance reporting standards for both fiduciary managers and investment consultants has been reduced to report performance of managers using basic minimum standards
4. Fiduciary management firms required to provide greater clarity on costs
5. The requirement for trustees to set objectives when they hire an investment consultant has been dropped
6. An additional requirement for investment consultants to clearly separate the marketing of fiduciary management from advice has been added

Better outcomes for pension funds

My colleagues and I have previously stated our support for these proposed remedies and continue to believe that they will lead to better outcomes for pension funds. We've been working over the course of the year to ensure that we continue to provide our clients and prospective clients with the transparency they require.

Performance standards

The performance standards that have been developed are a good step forward and we will continue to support this initiative. As a trustee myself, I believe that in order to perform our job effectively, we need more than just reporting on managers or products conforming to basic minimum standards.

Marketing

The addition of a recommendation requiring investment consultants to clearly distinguish between investment advice and marketing of FM services gets to the nub of a major issue and will be very beneficial to trustees.

Looking forward

Even in advance of today's final report, many clients have begun implementing the recommendations and we look forward to working with many more clients next year.

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